

Submission to the Inquiry into the 2023 Election, Justice Select Committee

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This submission is from the New Zealand Election Study (NZES). It draws on a module of questions put to a random sample of people on the electoral rolls in the weeks after the 2023 election. It was funded by the Gama Research Fund at Victoria University of Wellington.

Jack Vowles can be available to speak to the submission if the Committee wishes.

Within the terms of reference of this Inquiry, this submission addresses matters of electoral law as it applies to political donations. The questions on which it draws obtain public opinion data on proposals for law reform recommended by the Independent Electoral Review.

Its evidence tells us that levels of trust in politicians and the political process are lower than desirable. Public perceptions of undue influence by donors and suspicion about the capture of government by ‘a few big interests’ are sufficiently widespread to cause concern. While these perceptions are strongest among supporters of the parties on the left, they also penetrate deeply into groups who vote for the parties on the right and into parts of the business community. Many also do not feel sufficiently informed to provide an opinion; to be expected, given the complexity of the matters at hand. Of those who do give their opinions, more people support than oppose the recommendations of the Independent Electoral review. Support cuts across party lines, and is found inside as well as outside the business community.

As members of the committee will be aware, the regulation of donations to political parties and the funding of election campaigns has been debated, off and on, for several years. Over the last five years, two major reports have been published (Rashbrooke & Marriott 2022; Chapple, Prieto Duran & Prickett 2021). The previous government established an Independent Electoral Review in 2022 which submitted its final report in November 2023. The report was released by the current government in January 2024.

The arguments for reform of the law on donations are based on widely held public perceptions that big donors to political parties are engaging in ‘trading in influence’ (Gluck 2022), and thereby having a disproportionate impact on government decision-making. Those who seek reform fear big donations from large corporations diminish trust in politicians and in the political process. It is argued that New Zealand’s

reputation as a country with little or no corruption is not borne out by our current legal settings for party donations (Macaulay 2020). While these perceptions can be most easily identified among people with opinions that lean to the left, they can also be found among business analysts and commentators (for example, Fyers 2023).

This submission builds on and updates public opinion data reported by Rashbrooke and Marriott (2022). It is based on a module of questions made possible by funding from the Gama Foundation Fund at Victoria University of Wellington and run as part of the 2023 New Zealand Election Study). Details of sampling and methodology can be found in a brief Appendix at the end of this submission (also see www.nzess.net).

Trust in politicians and the political process remains comparatively high in New Zealand. But this relative position is because of much lower trust in many other countries. In absolute terms, many would argue that political trust in New Zealand is lower than is desirable. For example, the recent IPSOS report on populism in New Zealand finds ‘signs of strong populist and anti-establishment views in New Zealand’ and that 58 per cent of the survey’s participants agree with a series of statements that form a ‘system is broken’ index (IPSOS 2024). Comparatively, New Zealand sits a little below the average score across 28 countries. The questions include ‘the country’s economy is rigged to advantage the rich and powerful’ (65 per cent agree) and ‘traditional parties and politicians don’t care about me’ (55 per cent agree).

A limitation of the IPSOS data is its lack of a time series. This is the first time IPSOS has asked these questions in New Zealand. Data based on asking much the same questions is available from a thirty year time series produced by the New Zealand Election Study (Vowles 2024). Populism has been a strong theme within New Zealand’s political culture. Current levels of populist and authoritarian sentiments are higher than when estimated at the 2020 election, but have been as high or higher in the past. For example, high levels of populist sentiment strongly underpinned the successful campaign for the Mixed Member Proportional (MMP) System in the early 1990s (Lamare & Vowles 1996, 327-328).

Moving on to the data, it should first be noted that because the regulation of party donations is a complex topic, many research participants took neutral positions or ticked the ‘don’t know’ option. Substantial numbers for those who ‘don’t know’ or express no opinion should not be taken as implying indifference. Most people know little about political party funding and might be expected to have had difficulty in answering the detailed questions put to them in an opinion survey.

Figure 1 shows that a significant minority of just under a third of New Zealanders doubt the moral standards and integrity of politicians. Another slightly smaller minority retains faith in politicians, but about 40 per cent indicate ‘neither high nor low’ or don’t know.

The question was: *‘How would you rate the standards of honesty and integrity of elected politicians in New Zealand today?’*

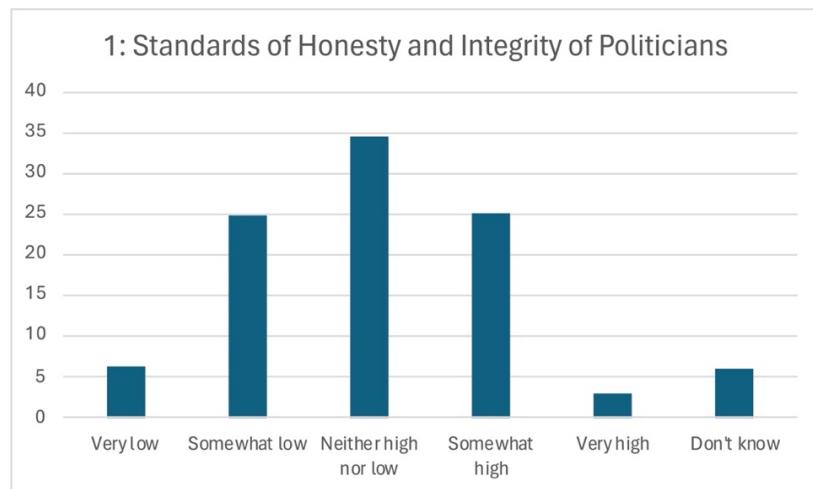


Figure 2 displays responses to agreement or disagreement with the statement: *most politicians are trustworthy*. Just under 40 per cent disagree.

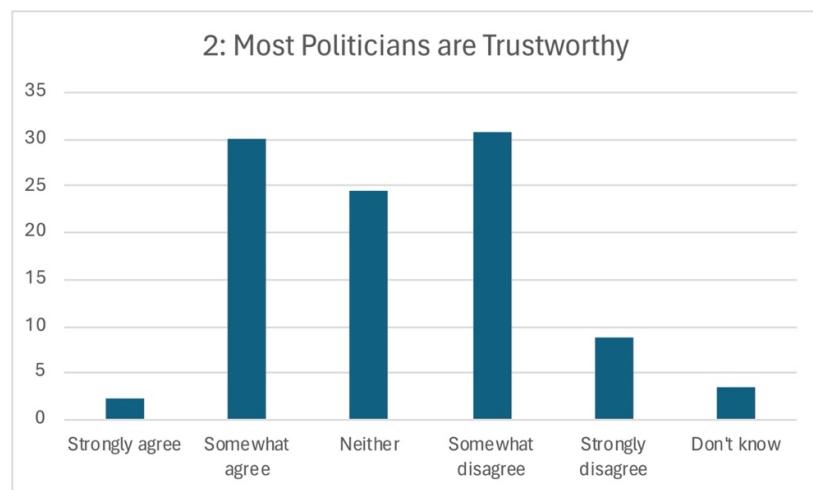


Figure 3 displays responses to agreement or disagreement with the statement: *The New Zealand government is largely run by a few big interests*. 47 per cent agree, 27 per cent disagree. Further analysis finds about 35 per cent of business owners in agreement, compared to just under half of people who do not own a business.

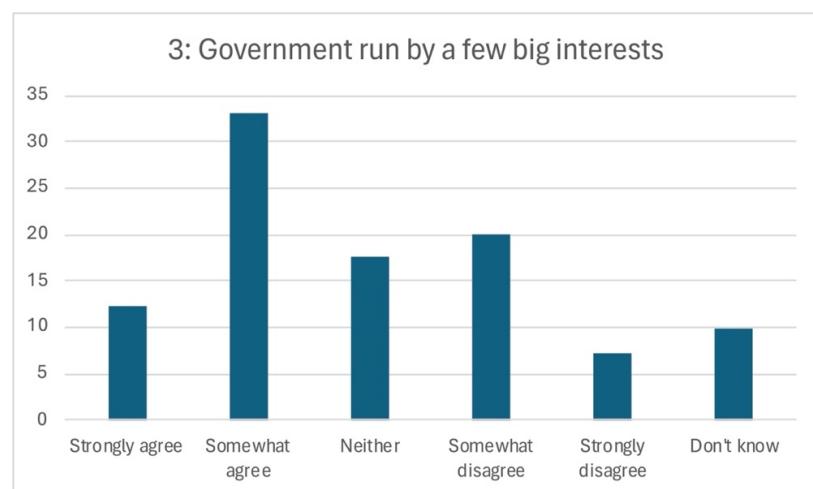
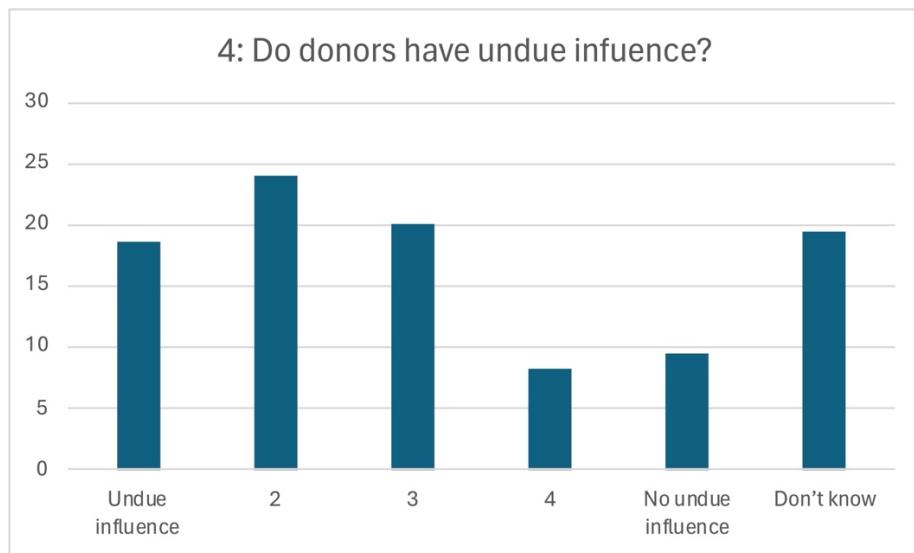


Figure 4 elicits public perceptions about the ability of donors to exert ‘undue influence’ of political decisions on a scale from 1 (undue influence) to 5 (no undue influence). 43 per cent agree, only 18 per cent disagree – those who take a neutral position of don’t know are about 40 per cent.



The question was: *Some people say that those who make donations or loans to political parties have undue influence on those parties and their MPs. Others say that those making those donations have no undue influence. Where do you put your views on this scale.*

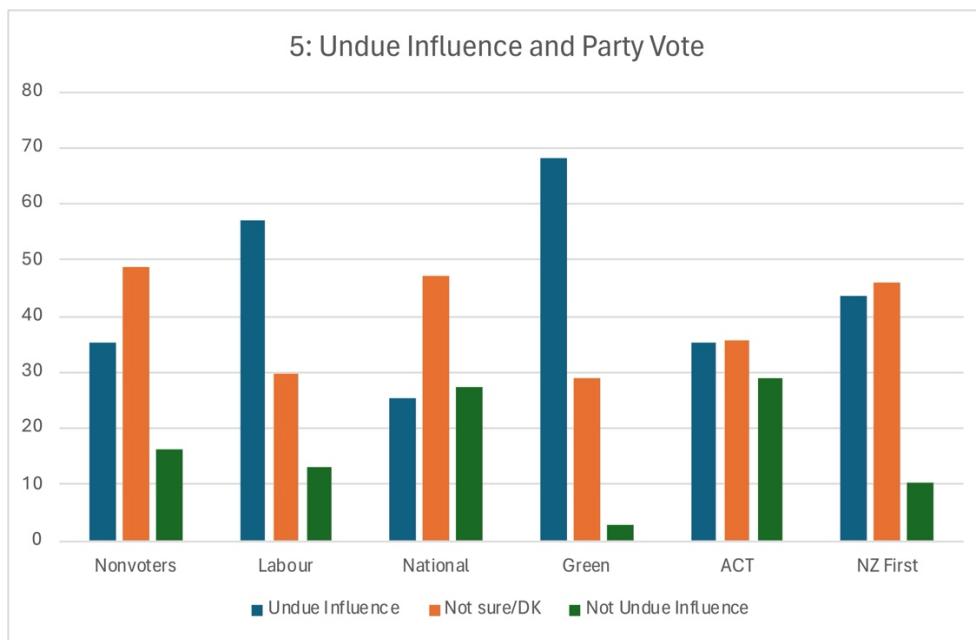
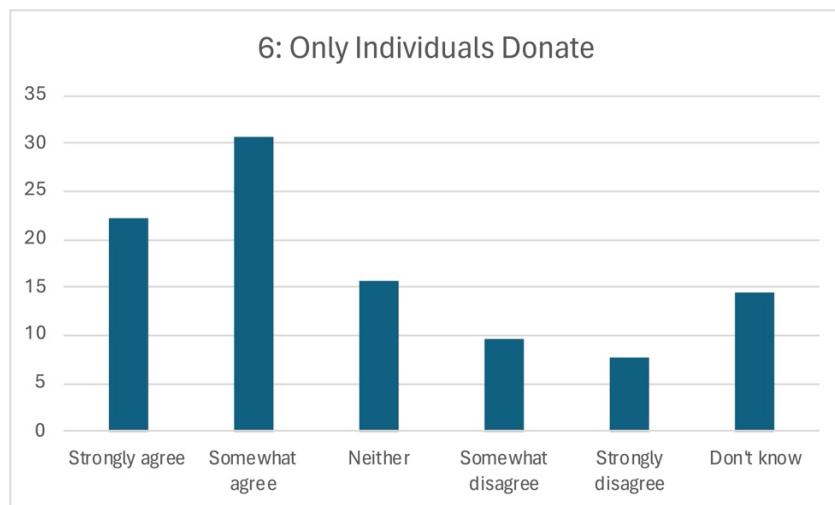


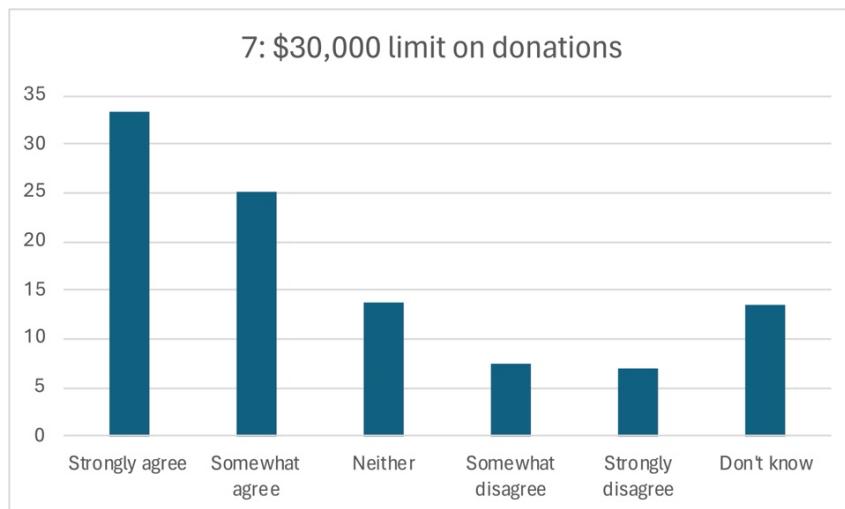
Figure 5 breaks down responses to this question by reported party vote in 2023. Categories 1 and 2 and 4 and 5 have been collapsed to simplify. While voters for the Labour and Green parties lean heavily to ‘undue influence’, as do those for New Zealand First, voters for National and ACT are evenly divided between ‘undue’ and ‘not undue’. National voters also strongly plumb for ‘don’t know’. Further analysis has examined the

relationship between business ownership and perceptions of undue influence. About a third of business owners perceived undue influence, compared to about 45 per cent of non-owners.

Figure 6 displays responses to one of the most important recommendations of the Review: that corporations, non-governmental organisations, and trade unions should be prohibited from making direct donations to political parties. 53 per cent support this change, only 17 per cent oppose it.



The question was: *agreement or disagreement with 'companies, unions, or any other organisations should be prohibited from directly loaning or donating any funds to parties or candidates.*



The Independent Electoral Review also recommended that a limit of \$30,000 per electoral cycle should be set on any individual donation. Figure 7 displays the distribution of responses on the donation limit. 57 per cent agreed, compared to 14 per cent who disagreed.

The question was: *agreement or disagreement with 'There should be a limit of \$30,000 for any person to donate in the period between elections'* (5-point scale)

Figure 8 breaks down the simplified responses to this question by party vote in 2023. While support for the recommendation is strongest on the left and among New Zealand First voters, pluralities of National and ACT voters agree (47 and 44 per cent). Strongest opposition comes from just under a third of ACT voters.

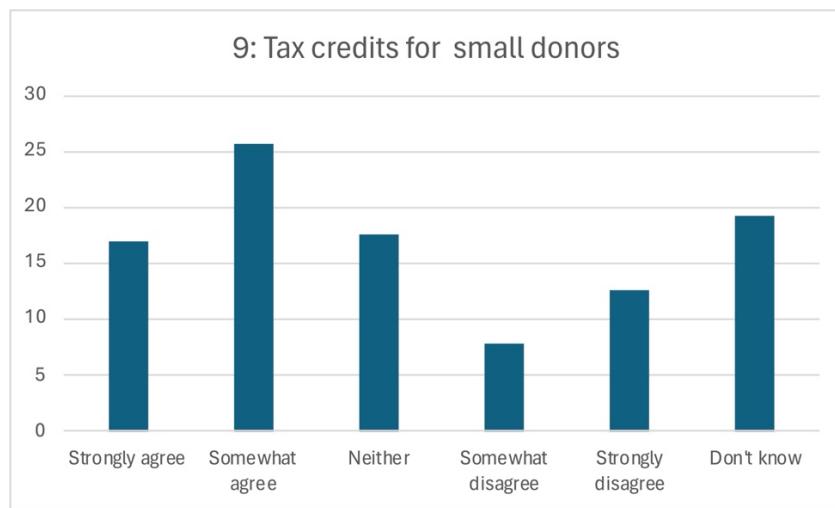
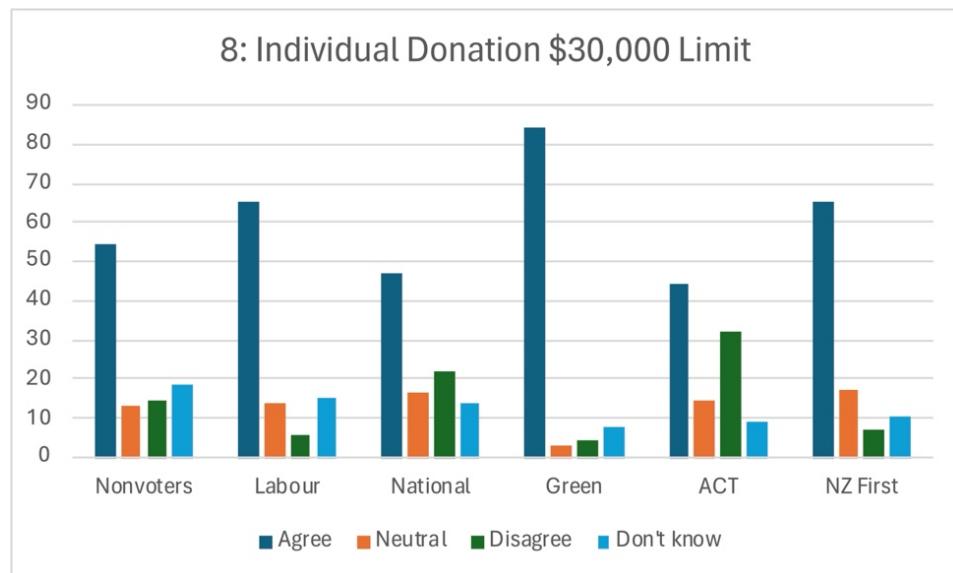
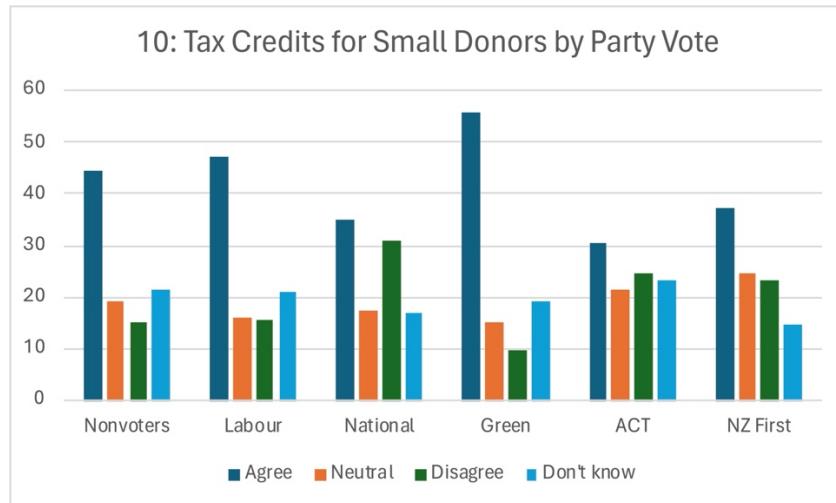


Figure 9 displays opinion one of the Independent Electoral Review's most important recommendations: that tax credits be offered below donations of \$1000 or less to encourage small donors. 42 per cent agree, 21 per cent are opposed. Breaking down this question further (but not reported here), we have compared opinion on tax credits among those with some supportive connection to political parties and those without such connections. Those with a history of supporting a political party in some way were significantly more in favour of this proposal (about 23 per cent of the sample).

The question was agreement or disagreement with '*To encourage parties to rely on small rather than large donations tax credits of 33 per cent should be available for donations to political parties up to \$1000 (5-point scale)*'.

Figure 10 breaks the tax credit responses down by 2023 party vote. Voters for the left and New Zealand First have strong pluralities in favour, National and ACT voters are more divided.



The draft Report of the Independent Electoral Review received some criticism for its failure to recommend greater transparency for 'promoters' running 'third-party' campaigns independent of political parties. If large corporate donations made directly to political parties were to be no longer permissible, one would expect such donations to be transferred to these 'third parties'. The Review's final Report was unavailable when we formulated our questions. In that final Report, the Independent Electoral Review responded to these criticisms, recommending transparency to be applied to 'promoters' as well as to political parties where for donations of more than \$30,000.

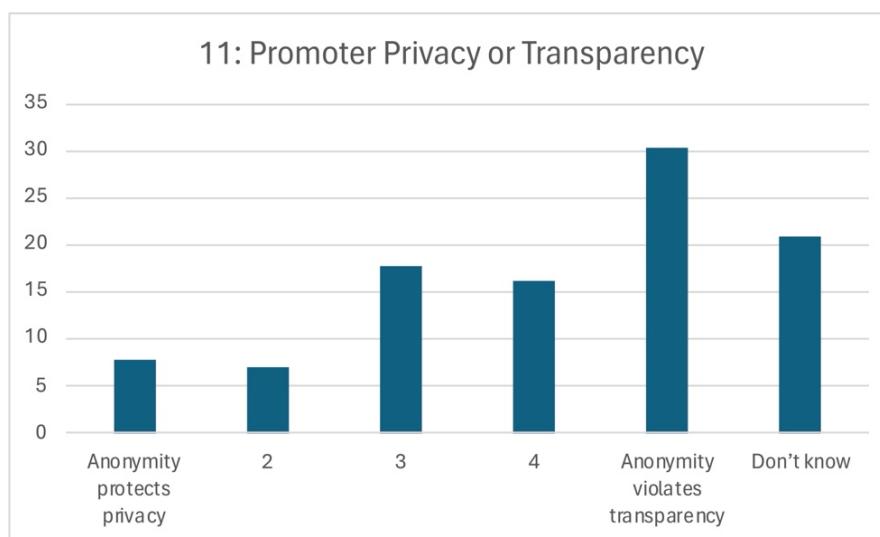


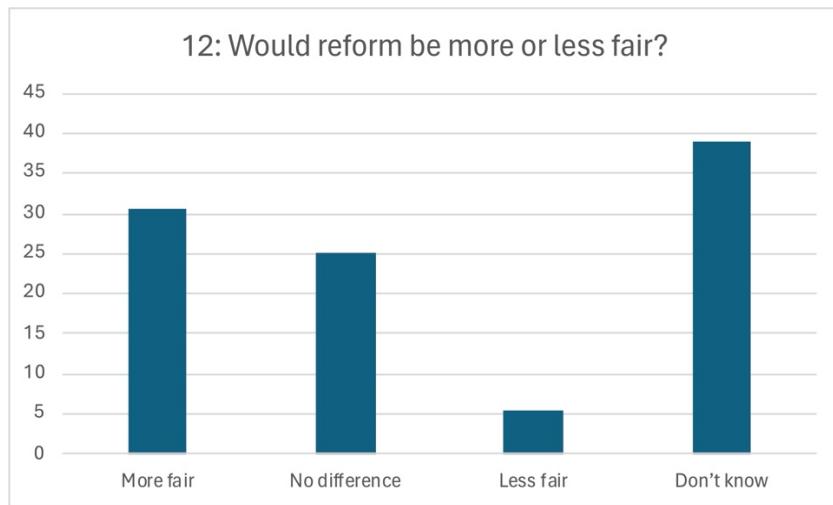
Figure 11 displays the responses to a question based on this principle, noting the Independent Electoral Reviews' earlier recommendation for no change on the basis of

privacy. Only 14 per cent of respondents believed in continued anonymity of donors to third-party campaigners on the basis of privacy, 47 per cent preferred greater transparency. Breaking this down again by party vote, pluralities of National and ACT voters prefer transparency over privacy as a principle although larger groups are either neutral or 'don't know'.

The question was: '*Promoters* are persons or groups who register to advertise during the campaign to advocate for a political issue, or for or against a political party. They can collect unlimited anonymous donations not subject to the same disclosure requirements as political parties.

The Independent Electoral Review says this anonymity of promoter donations protects rights of privacy and free speech. Others say it violates people's rights to know the sources of big political donations. On this scale of 1 to 5, where is your opinion?

Finally, we asked the question: *in your opinion, would the preliminary campaign donation laws as proposed by the Independent Review make elections more fair, less fair, or would they make no difference?* Figure 12 shows that nearly 40 per cent did not know, 30 per cent believed the proposed reforms would improve fairness, 25 percent thought they would make no difference. Note that these responses were based on the Independent Review's first recommendation that continued to recommend privacy for third-party donations. Had the Independent Review recommended the extension of transparency to third-party donations, we might have expected a higher response for fairness, but there is no way of knowing without further research.



To summarise, levels of political trust are lower than desirable. Public perceptions of undue influence by donors and suspicion about the capture of government by 'a few big interests' are sufficiently widespread to cause concern. While these perceptions are strongest among supporters of the parties on the left, they also penetrate deeply into groups who vote for the parties on the right and into parts of the business community. There is significant support for the recommendations of the Independent Electoral review across party lines, and inside as well as outside the business community.

The 2023 New Zealand Election Study

The 2023 NZES is based on a random sample from the electronic electoral rolls, including about 900 who had participated in the 2020 NZES, and conducted by postal return with an online option. People of Māori descent and those aged 18-31 were oversampled, but results are reported on the basis of socio-demographic weights to the enrolled population (age, gender, Māori descent/non Māori descent, Auckland/not Auckland, and educational levels) and party vote. The preliminary dataset used here has a sample size of 1980. Final additions and checks could result in Tables and Figures that might be slightly different. While there were some missing values in responses to various questions, all figures above were drawn from a sample of at least 1900.

Other funders of the NZES were the Victoria University of Wellington Research Trust, the Electoral Commission, and the University of Auckland.

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